

Governance Guidelines of the New York State Housing Finance Agency

The Members (the “Members”) of the New York State Housing Finance Agency (the “Agency”) have adopted the following Governance Guidelines (the “Guidelines”) to assist the Members in th exercise of their responsibilities. These Guidelines have been developed and are recommended by the Governance Committee of the Agency.

Role of Members

The business and affairs of the Agency shall be managed by or under the direction of the Members. A Member is expected to spend the time and effort necessary to properly discharge such Member’s responsibilities. Members are expected to discharge their duties in good faith with a degree of diligence, care and skill, and are responsible for the proper use of Agency funds and assets. Accordingly, a Member is expected to regularly attend meetings of the Members and committees on which such Member sits, and to review prior to meetings material distributed in advance for such meetings. A Member who is unable to attend a meeting (which it is understood will occur on occasion) is reasonably expected to notify the Secretary of the Agency in advance of such meeting.

Functions of the Members

As part of their oversight role, the Members considers their primary functions to include the following, which will be discharged either directly by the Members or through appropriate committees:

- Evaluating and determining the salary ranges and salary adjustments of the Agency’s Senior Officers (as defined in the Agency’s By-Laws), and approving the salary of the Agency’s President and CEO;
- Approving and or monitoring the Agency’s financings, housing programs, and contracting activities;
- Monitoring fundamental financial and business strategies and approving significant Agency actions;
- Advising management on significant issues facing the Agency;
- Overseeing the Agency’s financial reporting process and the adequacy of accounting, financial and internal controls; and
- Reviewing and evaluating the Agency’s governance policies, code of ethics and legal and regulatory compliance procedures.

Membership Criteria

By law, the Agency’s Members consist of the Commissioner of Housing and Community Renewal, the Director of the Budget, the Commissioner of Taxation and Finance, and four members appointed by the Governor with the advice and consent of the Senate. The Agency’s enabling legislation does not set forth specific criteria for membership on the Members. The purpose of the Governance Committee is to assist the Members of Members to establish practices and procedures to promote

honest and ethical conduct by Agency Members, officers and employees and enhance public confidence in the Agency, including, but not limited to, assistance in monitoring and assessing the effectiveness of the Members of Members and in developing and implementing the Agency's governance guidelines. The Governance Committee Charter places responsibility on the Governance Committee to prepare, and the Governance Committee has prepared, a profile of the skill sets and experiences of individuals best equipped to be constructive Members of the Agency.

Size

By law, the Agency's membership comprises seven members, who shall be selected and hold office as provided in the Agency's enabling legislation.

Member Independence

It is the policy of the Members that, except for Members who serve as Members by virtue of holding a civil office of the State, a majority of the remaining Members qualify as "independent" Members, as such terms is defined in the Public Authorities Accountability Act of 2005 (the "Act"). This policy applies to appointments made on or after January 13, 2006, the date of passage of the Act. The official or officials having the authority to appoint or remove such remaining members shall take such actions as may be necessary to satisfy this requirement.

Each Member should keep the Secretary and the Governance Committee fully and promptly informed as to any developments that might affect the Member's independence. This requirement shall be independent of any requirements for disclosure of conflicts of interests that may be applicable to Members.

Member Compensation

By law, the Members, including the Chairman, shall serve without salary or other compensation, but each Member shall be entitled to reimbursement for actual and necessary expenses incurred in the performance of his or her official duties and in the event that the Chairman shall also be a full time officer or employee of the Agency, the Chairman shall receive no salary as Chairman but shall receive only his or her regular salary as officer or employee, not to exceed the average of the salaries paid to the appointed commissioners of the State departments or the regular salary such officer or employee was receiving at the time of his or her appointment as Chairman, whichever is greater.

MEMBERS AND COMMITTEE PROCEDURAL MATTERS

The procedures with respect to meetings of the Members, notice thereof and their conduct shall be as set forth in the By-laws. The procedures with respect to meetings of the Committees of the Agency, notice thereof and their conduct shall be as set forth in the By-laws.

OTHER MATTERS

Evaluating Committee Performance

The Governance Committee and the Audit Committee shall each conduct an annual self-evaluation process, as required under their respective Charters

Access to Management

The Members shall have full and unrestricted access to the Agency's management. It is assumed that Members will use judgement so that this contact is not distracting to the operations of the Agency.

Guidelines Subject to Periodic Review

These Guidelines will be subject to a periodic review, first by the Governance Committee and then the full Members to assure that they are in accordance with sound corporate governance. These Guidelines are not intended to change or interpret any law or regulation, or the Agency's enabling legislation or Bylaws.